

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 19–20, 2005

Reference No.: 2.4c.
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Brice D. Paris
Division Chief
Right of Way and Land Surveys

Ref: AIRSPACE

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) authorize execution of a lease between the State of California, Department of Transportation and Sacramento Regional Transit District (RT). This request is to apply the twenty percent (20%) public mass transit airspace lease discount from the fair market value lease rate for a lease of airspace parcel 03-SAC-051-0005 in midtown Sacramento.

SUMMARY

The subject parcel is approximately 106,022+/- sq. ft and is located under the Route 51 (Fort Sutter) viaduct, between P and Q and 29th and 30th Streets in midtown Sacramento in Sacramento County (see attached airspace parcel map).

The current lease for the subject parcel was entered into on December 12, 2001, with the agreement that this would be an interim two-year lease for \$60,000 per year (\$5,000 per month), until such time that RT submitted and processed an application for an “Airspace Agreement for Public Entities for New Mass Transit Facilities for Traffic Congestion Relief” to the Department. On January 9, 2002, RT and the Department’s Mass Transportation Division presented a request to the Commission’s Airspace Advisory Committee (AAC) to lease the subject parcel for \$1 per year for 99 years. The AAC rejected RT’s proposal due to numerous concerns. On January 23, 2003, the Commission passed Resolution G-03-03, which states “...the Department may enter into airspace leases with public mass transportation agencies at fair market value lease rates less a twenty percent (20%) discount, subject to specific California Transportation Commission approval.”

A second request to the AAC for a rate reduction for a public mass transit lease discount for long-term lease of this parcel was presented in October 2004. RT's current proposal is for a five-year lease with a one-year option and strict application of the 20% discount from the current fair market valuation of \$10,450 per month, resulting in a lease rental rate of \$8,360 per month. The proposed commencement date is July 1, 2005 for the lease rate increase, as RT's budget for the 2004-05 fiscal year has already been established at the old rate.

RT has expended approximately \$800,000 for improvements to the parcel (paving, lighting, and fencing). The parcel is utilized for parking and storage purposes (employee parking and bus storage). RT has two other airspace parcels under long-term lease utilized for bus storage in the area along with offices and a maintenance facility on RT-owned parcels. RT plans on establishing a new bus maintenance facility during this lease term timeframe at a suburban location.

The Commission's Airspace Advisory Committee has reviewed and recommends approval of the proposed terms and conditions of this lease per CTC Resolution G-03-03, for lease of airspace parcel 03-SAC-051-0005 to Sacramento RT for a five-year period with a one-year option extension, commencing July 1, 2005.

Attachment

